

## GENERAL CAPITAL INVESTMENT PROGRAM

### 2007-2012 CIP BUDGET BY FUNCTIONAL AREA\*

#### Revenue

|                | <b>BFB</b>        | <b>2007</b>       | <b>2008</b>       | <b>2009</b>       | <b>2010</b>       | <b>2011</b>       | <b>2012</b>       | <b>Subtotal<br/>(excludes BFB)</b> | <b>Total</b>       |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|--------------------|
| Council        | 621,685           | 478,216           | 270,586           | 285,838           | 301,802           | 315,608           | 313,853           | 1,965,903                          | 2,587,588          |
| Gen Govt.      | 5,893,045         | 3,513,348         | 3,294,046         | 3,256,835         | 3,278,964         | 3,241,269         | 3,238,435         | 19,822,897                         | 25,715,942         |
| Police         | 1,432,228         | 977,654           | 565,830           | 598,061           | 631,683           | 658,047           | 652,780           | 4,084,055                          | 5,516,283          |
| Fire           | 2,471,276         | 1,742,170         | 907,879           | 954,493           | 1,003,222         | 1,043,675         | 1,037,396         | 6,688,835                          | 9,160,111          |
| Parks          | 4,111,508         | 2,809,187         | 2,054,034         | 2,117,076         | 2,182,901         | 2,234,313         | 2,224,458         | 13,621,969                         | 17,733,477         |
| Transportation | 13,431,520        | 31,668,736        | 37,725,399        | 16,244,933        | 8,502,374         | 8,453,077         | 8,473,069         | 111,067,588                        | 124,499,108        |
| <b>Total</b>   | <b>27,961,262</b> | <b>41,189,311</b> | <b>44,817,774</b> | <b>23,457,236</b> | <b>15,900,946</b> | <b>15,945,989</b> | <b>15,939,991</b> | <b>157,251,247</b>                 | <b>185,212,509</b> |

#### Expenditures

|                | <b>2007</b>       | <b>2008</b>       | <b>2009</b>       | <b>2010</b>       | <b>2011</b>       | <b>2012</b>       | <b>Subtotal<br/>(excludes EFB)</b> | <b>EFB</b>        | <b>Total</b>       |
|----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|-------------------|--------------------|
| Council        | 350,000           | 350,000           | 350,000           | 350,000           | 300,000           | 300,000           | 2,000,000                          | 587,588           | 2,587,588          |
| Gen Govt.      | 5,089,247         | 4,064,414         | 4,087,371         | 4,019,369         | 4,045,703         | 4,079,407         | 25,385,511                         | 330,430           | 25,715,941         |
| Police         | 1,706,618         | 439,000           | 494,000           | 539,000           | 1,579,000         | 758,000           | 5,515,618                          | 665               | 5,516,283          |
| Fire           | 1,158,209         | 3,666,141         | 804,476           | 1,238,333         | 688,333           | 743,969           | 8,299,461                          | 860,650           | 9,160,111          |
| Parks          | 3,366,777         | 5,349,776         | 1,355,000         | 2,055,000         | 2,055,000         | 2,250,000         | 16,431,553                         | 1,301,924         | 17,733,477         |
| Transportation | 32,772,855        | 37,930,439        | 21,461,623        | 7,303,900         | 6,960,547         | 6,878,167         | 113,307,531                        | 11,191,577        | 124,499,108        |
| <b>Total</b>   | <b>44,443,706</b> | <b>51,799,770</b> | <b>28,552,470</b> | <b>15,505,602</b> | <b>15,628,583</b> | <b>15,009,543</b> | <b>170,939,674</b>                 | <b>14,272,834</b> | <b>185,212,508</b> |

\*Does not include \$12.9 million of additional impact fees approved by Council in August

## GENERAL CAPITAL INVESTMENT PROGRAM

### NEW DOLLARS ADDED TO CIP

|                               | Additional<br>Resources<br>2007-2010 | Additional<br>Resources<br>2011-2012 | Total<br>Additional<br>Resources<br>2007-2012 | Less GF<br>5% Transfer<br>Incl. Interest<br>2007-2012 | Net New<br>Resources<br>(No GF 5% Trsf)<br>2007-2012 |
|-------------------------------|--------------------------------------|--------------------------------------|---|---|--|
| Real Estate Excise Tax [1]    | 13,922,079                           | 11,551,172                           | 25,473,251                                    | 0   | 25,473,251   |
| Gen Fund                      | 1,260,472                            | 6,290,274                            | 7,550,746                                     | (17,997,457)  | (10,446,711)   |
| Business Surcharge            | 12,517,825                           | 6,486,468                            | 19,004,293                                    | 0   | 19,004,293   |
| Interest                      | 2,300,000                            | 2,625,000                            | 4,925,000                                     | (1,070,215)   | 3,854,785  |
| Impact Fees                   | 369,875                              | 4,511,551                            | 4,881,426                                     | 0   | 4,881,426  |
| MV Excise Tax                 | 331,573                              | 823,128                              | 1,154,701                                     | 0   | 1,154,701  |
| Pavement Mgmt                 | 0                                    | 600,000                              | 600,000                                       | 0   | 600,000  |
| Sales Tax on Constr           |                                      | 2,200,000                            | 2,200,000                                     | 0   | 2,200,000  |
| Developer Contributions       | 6,455,000                            | 0                                    | 6,455,000                                     | 0   | 6,455,000  |
| State Grants                  | 2,250,000                            | 0                                    | 2,250,000                                     | 0   | 2,250,000  |
| Federal Grants                | 3,732,060                            | 0                                    | 3,732,060                                     | 0   | 3,732,060  |
| Other                         | 2,292,150                            | 0                                    | 2,292,150                                     | 0   | 2,292,150  |
| Total                         | 45,431,034                           | 35,087,593                           | 80,518,627                                    | (19,067,672)  | 61,450,955   |
| Additional Impact Fees [2]    | 8,110,029                            | 4,740,777                            | 12,850,806                                    |   | 12,850,806   |
| <b>Total w/ Add. Imp Fees</b> | <b>53,541,063</b>                    | <b>39,828,370</b>                    | <b>93,369,433</b>                             |   | <b>74,301,761</b>                                    |

The additional resources columns shown above are derived by subtracting 2005-2010 budget from 2007-2012 budget for the years specified. The columns do NOT include:

\* Debt Proceeds for Bear Creek Parkway (\$28 million)

\* Microsoft Developer Contribution for 36th St. Overpass (\$17.5 million).

[1] Real estate excise tax collections have been historically underbudgeted. The amounts reflected above represent a more realistic expectation of the collections from this source based on real estate transaction volumes and values. Total REET revenue for 2007-12 is \$36.3 million.

[2] Approved by Council in August, 2006 but not yet included in CIP. Supplemental package forthcoming.

## GENERAL CAPITAL INVESTMENT PROGRAM

### SUMMARY OF PROPOSED POLICY CHANGES

#### 5% General Fund Transfer Eliminated

- Net new money added to CIP for 2007-2012 excluding the GF transfer is \$61.5 million. In addition, there is \$12.9 million in new impact fees which are not included in this total. Including these dollars, the net new funding is \$74.3 million.
- Total general funding is \$33.2 million to the CIP over the next 6 years. General Fund will transfer \$14.2 million to CIP and the business tax, which is a General Fund revenue restricted by policy to the CIP, will total \$19 million. These sources represent 8.6% of General Fund revenues.

| Cities                    | 2007-2012 (\$M) |
|---------------------------|-----------------|
| Sales Tax on Construction | 6.6             |
| Pavement Management       | 1.8             |
| City Hall Debt Service    | 5.8             |
| Business Surcharge        | 19.0            |
| Total                     | \$33.2          |

- No significant impact on CIP
- Unallocated money at end of 2012 is \$27.1 million including new impact fees.

#### Business Tax

- Assumes continuation of \$55 business surcharge consistent with Council budget policy document
- Business tax surcharge expected to generate \$22.4 million over next 6 years. Transportation CIP will receive \$19 million and Transportation Demand Management is budgeted for the remaining amount consistent with historical allocations.

#### Debt

- \$28 million bond proposed for Bear Creek Parkway Extension. Council endorsed this funding mechanism in September, 2006.

#### Impact Fee Increases

- Supplemental budget forthcoming to allocate \$12.9 million more in impact fee revenue as a result of rate increases approved in August.

## GENERAL CAPITAL INVESTMENT PROGRAM

### DESCRIPTION OF DEBT PROPOSED

#### Bear Creek Parkway

- General obligation debt of \$28 million
  - Assumes 5% interest for 20 years with first 3 years interest payments only.

#### Parks Bond (Preliminary Only)

- General obligation debt ranging from \$12 to \$18 million; Parks Board still discussing.

## GENERAL CAPITAL INVESTMENT PROGRAM

### MAJOR CAPITAL PROJECTS

#### General Government

- City Hall lease obligations and maintenance costs increased from \$1.4 million in 2005-06 to \$7.9 million in 2007-08 or \$6.5 million due to two full years of debt maintenance/operations (M&O) payments versus one year in 2005-06, and higher than anticipated maintenance costs. M&O costs are over 60% higher than the original budget due primarily to equipment warranty expirations and rising energy costs.
- Includes \$200,000 for Affordable Housing in 2007-2008.

#### Fire

- Fire Station #17 constructed and equipped with an Aid car in 2008; engine is funded in 2010.
- Fire CIP transferring an additional \$250,000 per year to the Fire Equipment Replacement fund to ensure replacement money is adequate for fire apparatus. Without this funding, deficits will occur starting in 2011.

#### Transportation

- Bear Creek Parkway Extension in 2007-2009 assumes \$28 million of debt financing.
- Old Redmond Road Widening (\$1.1 million in 2007)
- Downtown East-West Corridor Study is funded (\$750,000 in 2007).

#### Police

- Replacement of Police Dispatch system (\$1.2 million in 2011-2012)

#### Parks

- East Redmond Corridor Master Plan and Development (\$3.2 million)
- Renovation of Grass Lawn Fields 2 & 3 (\$1.5 million in 2008)

***Unfunded maintenance and operation costs of \$9.6 million from new 2007-2012 projects***

## GENERAL CAPITAL INVESTMENT PROGRAM

# UNFUNDED MAINTENANCE & OPERATIONS ASSOCIATED WITH CIP

### Maintenance and Operations Costs 2007-2010 General CIP

| Project                        | 2007<br>Budget | 2008<br>Budget | 2009<br>Budget | 2010<br>Budget | 2011<br>Budget | 2012<br>Budget | Total     |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------|
| <b>Parks</b>                   |                |                |                |                |                |                |           |
| Trail Development Fund         | 3,000          | 3,000          | 3,000          | 3,000          | 3,000          | 3,000          | 18,000    |
| NW Neighbhd Park Acquisition   |                |                |                |                | 5,000          | 5,000          | 10,000    |
| E. Redmond Corridor Dev. Ph. I |                |                | 40,000         | 40,000         | 80,000         | 80,000         | 240,000   |
| NE Neighbhd Park Devpmt        |                |                |                | 40,000         | 40,000         | 40,000         | 120,000   |
| Splash Parks                   |                |                | 25,000         | 25,000         | 50,000         | 50,000         | 150,000   |
| Senior Ctr Improvements        |                |                | 15,000         | 15,000         | 15,000         | 15,000         | 60,000    |
| Perrigo Park Dev. Phase II     |                |                | 10,000         | 10,000         | 10,000         | 10,000         | 40,000    |
| Teen Ctr Prkg/Covered Area     |                |                |                | 5,000          | 5,000          | 5,000          | 15,000    |
| Bear Evans Crk Trl & Grnwy     |                |                | 10,000         | 10,000         | 22,000         | 22,000         | 64,000    |
| Subtotal                       | 3,000          | 3,000          | 103,000        | 148,000        | 230,000        | 230,000        | 717,000   |
| <b>Transportation</b>          |                |                |                |                |                |                |           |
| Sidewalk Imprvmnt Program      | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 60,000    |
| Street Lighting Program        |                |                |                |                | 8,600          | 17,200         | 25,800    |
| 185th Avenue NE Extension      |                |                | 21,000         | 21,000         | 24,000         | 24,000         | 90,000    |
| Bear Creek Prkwy Extension     |                |                |                | 62,000         | 62,000         | 65,000         | 189,000   |
| NE 31st to 36th/SR520 Bridge   |                |                |                | 27,000         | 27,000         | 30,000         | 84,000    |
| Old Redmond Road Widening      |                | 13,200         | 13,200         | 13,200         | 13,200         | 13,200         | 66,000    |
| NE 116th & 172nd Traffic       |                |                | 4,000          | 4,000          | 4,000          | 4,000          | 16,000    |
| Old Redmnd Rd/WLSP Signal      |                |                | 4,000          | 4,000          | 4,000          | 4,000          | 16,000    |
| Subtotal                       | 10,000         | 23,200         | 52,200         | 141,200        | 152,800        | 167,400        | 546,800   |
| <b>Fire</b>                    |                |                |                |                |                |                |           |
| Fire Apparatus-F.S. #17        |                | 4,000          | 4,140          | 4,285          | 4,435          | 4,590          | 21,450    |
| Fire Station #17 Staffing      |                | 1,088,586      | 1,218,899      | 1,834,014      | 1,942,383      | 2,057,180      | 8,141,062 |
| Emerg Dispatch Paging          | 12,000         | 12,000         | 12,000         | 12,000         | 12,000         | 12,000         | 72,000    |
| Marine Rescue & Fire Boat      |                | 4,000          | 4,000          | 4,000          | 4,000          | 4,000          | 20,000    |
| Local Redundancy               |                |                |                | 20,000         | 20,000         | 20,000         | 60,000    |
| Subtotal                       | 12,000         | 1,108,586      | 1,239,039      | 1,874,299      | 1,982,818      | 2,097,770      | 8,314,512 |
| <b>Police</b>                  |                |                |                |                |                |                |           |
| Marine Patrol                  | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 60,000    |
| Subtotal                       | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 10,000         | 60,000    |
| Total                          | 35,000         | 1,144,786      | 1,404,239      | 2,173,499      | 2,375,618      | 2,505,170      | 9,638,312 |

\*Mayor proposes to fund this with \$.26 property tax levy lid lift which is outlined in Supplemental Package #2 in the Executive Summary.

## GENERAL CAPITAL INVESTMENT PROGRAM

### HOW OTHER CITIES FUND THEIR CIP

#### Surveyed Cities: Bellevue, Kirkland, Woodinville, Kent, Renton, and Redmond

- Analysis:
  - At a funding level of 14.5%, Redmond has the highest percentage of general fund money dedicated to its CIP among neighboring cities surveyed.
  - Even after the 5% transfer is eliminated for 2007-2012, Redmond still dedicates more general fund money than most of the surrounding cities (1.6% - 10.5%). With the proposed budget, Redmond's new contribution would be 8.6% and second only to Kent's. However, Kent's property tax is 130% greater than Redmond's.
- Findings:
  - Redmond has the second lowest property tax levy.
  - All cities collect real estate excise tax.
  - All cities charge impact fees except Kent.
  - All cities collect motor vehicle fuel taxes except Woodinville.
  - All cities accept grants and developer contributions.
  - All cities transfer at least some general fund money to their CIP.

#### General Fund Support Earmarked for CIP

| Cities      | 2006 Levy Rate | Level of Dedicated General Fund Support | Dedicated GF Description  |
|-------------|----------------|---|---|
| Kirkland    | 1.49           | 1.6%                                    | Sales tax   |
| Woodinville | 1.32           | 1.5%                                    | Utility & Admission taxes   |
| Renton      | 3.12           | 3.3%                                    | Part of business tax  |
| Bellevue    | 1.16           | 5.6%                                    | 5.6% of General Fund after adjusting for 50% of sales tax which is returned to the General Fund for maintenance & operations costs (sources: Sales and B&O taxes) |
| Kent        | 2.80           | 10.5%                                   | Sales tax and utility tax   |
| Redmond     | 1.23           | 14.5%                                   | Sales tax on construction, business tax, pavement mgmt., City Hall contribution, 5% GF transfer   |
| Redmond     | 1.23           | 8.6% (Proposed)*                        | Sales tax on construction, business tax, pavement mgmt., City Hall contribution   |

\* Redmond without 5% GF Transfer for 2007-2012

- Debt

- All cities use debt to finance some of their general capital projects.

| <b>Cities</b> | <b>General Obligation Outstanding Debt<br/>(Non-Utility) as % of Assessed Valuation</b> |
|---------------|---|
| Renton        | 0.86%   |
| Kent          | 0.70%   |
| Bellevue      | 0.59%   |
| Redmond       | 0.41%   |
| Kirkland      | 0.30%   |
| Woodinville   | 0.29%   |

- Redmond has the third lowest amount of general obligation debt as a percent of assessed value.
- Kent uses local improvement districts more extensively and currently has \$20.2 million outstanding.